

Message Text

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USEEC ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: ENRG, BENC, EI
SUBJECT: GOI ENERGY STATEMENT FOCUSES ON NUCLEAR OPTION
REFS: A) DUBLIN 2171, B) DUBLIN 1247, C) DUBLIN 1072

SUMMARY - THE GOI HAS PUBLISHED ITS LONG-AWAITED
DISCUSSION DOCUMENT ON "SOME CURRENT ENERGY PROBLEMS
AND OPTIONS." PROJECTIONS INDICATE THAT WITHOUT
DIVERSIFICATION OF SOURCES OF SUPPLY AND EFFECTIVE
MEASURES IN THE AREA OF ENERGY CONSERVATION THAT IRISH
DEPENDENCE ON IMPORTED OIL COULD INCREASE TO WELL OVER
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80 PERCENT BY 1990. THE STUDY CONCLUDES THAT THIS
LEVEL OF DEPENDENCE IS UNACCEPTABLE AND SHOULD BE
REDUCED AS QUICKLY AS POSSIBLE. KNOWN INDIGENOUS
SOURCES OF ENERGY ARE VERY LIMITED, AND UNLESS
SUBSTANTIAL HYDROCARBON FINDS RESULT FROM CURRENT
EXPLORATION (REF B) THEIR CONTRIBUTION TO INCREASED
ENERGY NEEDS DURING THE 1980'S WILL BE MINIMAL.

INTER-CONNECTION WITH THE EEC GRID VIA THE MAIN BRITISH ELECTRICITY NETWORK WOULD PROVIDE A USEFUL RESERVE FACILITY, BUT THE IMPORTATION OF A MAJOR PART OF FUTURE ELECTRICITY REQUIREMENTS IS REJECTED. A SUITABLE AND REALISTIC MIX OF ENERGY SOURCES, THE STUDY CONCLUDES, MEANS PROCEEDING WITH COAL-FIRED AND NUCLEAR PLANTS. TENDERS HAVE ALREADY GONE OUT ON THE COAL-FIRED PLANT (REF C). THE PAPER STATES THAT IF THE GOVERNMENT APPROVES IRELAND'S FIRST NUCLEAR PLANT IN PRINCIPLE THAT THE PROJECT WILL BE "FULLY REASSESSED IN TWO YEARS TIME ... BEFORE ANY DEFINITE CONTRACTUAL COMMITMENTS..... ARE MADE." WE UNDERSTAND FROM AN ELECTRICITY SUPPLY BOARD SOURCE, NOTWITHSTANDING THE RATHER AMBIGUOUS LANGUAGE OF THE REPORT, THAT TENDERS ON THE NUCLEAR PLANT MAY GO OUT AS EARLY AS MARCH 1979, WITH CONTRACTOR SELECTION IN EARLY OR MID-1980. THE IRISH WOULD RETAIN THE RIGHT TO CANCEL THE CONTRACT (WHICH WOULD INVOLVE A PENALTY PAYMENT) UP TO MID-1981. THE TARGET DATE OF 1987-88 FOR COMMISSIONING THE PLANT SUPPORTS THIS INTERPRETATION. END SUMMARY.

2. ON JULY 27 THE IRISH DEPARTMENT OF INDUSTRY, COMMERCE AND ENERGY PUBLISHED ITS LONG AWAITED "DISCUSSION DOCUMENT ON SOME CURRENT ENERGY PROBLEMS AND OPTIONS". THE SPECIFIC ISSUE WHICH INSPIRED THE DOCUMENT WAS WHETHER OR NOT THE GOVERNMENT SHOULD PROCEED WITH IRELAND'S LIMITED OFFICIAL USE

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FIRST NUCLEAR POWER PLANT. SINCE VARIOUS GOVERNMENT AND ELECTRICITY SUPPLY BOARD SPOKESMEN HAVE PUBLICLY ADVOCATED THE ESTABLISHMENT OF SUCH A PLANT, THE DOCUMENT NOT SURPRISINGLY ARGUES STRONGLY IN ITS FAVOR.

3. BACKGROUND - THE DOCUMENT STARTS FROM CERTAIN BASIC ASSUMPTIONS ABOUT 1979-1990. A) THE IRISH ECONOMY WILL CONTINUE ALONG A STRONG GROWTH PATH, WITH A CONCOMMITANT INCREASE IN ENERGY NEEDS. B) IRELAND IS ALREADY TOO DEPENDENT UPON IMPORTED OIL, A DWINDLING RESOURCE WHOSE SUPPLY AND PRICE WILL NOT BECOME LESS SUSCEPTIBLE TO MANIPULATION BY PRODUCERS OVER TIME. (IN 1977 OIL IMPORTS MET 74 PERCENT OF IRELAND'S TOTAL ENERGY NEEDS, AT A FOREIGN EXCHANGE COST OF 348 MILLION POUNDS). WITH RESPECT TO ECONOMIC GROWTH THE GOI OPTIMISTICALLY ASSUMES A REAL GNP RISE OF SEVEN PERCENT ANNUALLY FOR 1978-80 (INCLUDING AN 11 PERCENT GROWTH IN THE INDUSTRIAL SECTOR) AND A FIVE PERCENT ANNUAL RISE FOR 1980-90 (EIGHT PERCENT FOR INDUSTRY). GIVEN THIS PROJECTION, LIKELY ENERGY DEMAND (AFTER CONSERVATION MEASURES) WOULD GROW FROM 7.51 MILLION TONS OIL EQUIVALENT (MTOE) IN 1977 TO 16.5 MTOE IN 1990. MAXIMUM

UTILIZATION OF KNOWN INDIGENOUS RESOURCES PLUS
INCREASED USE OF RENEWABLE ENERGY SOURCES ARE EXPECTED
TO PROVIDE ONLY ABOUT 13 PERCENT OF TOTAL ENERGY NEEDS BY
1990.

ALTERNATIVE FUTURE ENERGY SOURCES - KNOWN INDIGENOUS
FUELS CONSIST OF PEAT, HYDRO, COAL AND NATURAL GAS. PEAT
PROVIDED 16 PERCENT OF TOTAL ENERGY IN 1977 BUT HOLDS
LITTLE HOPE FOR THE FUTURE. PRODUCTION IS EXPECTED TO
DECLINE AFTER 1985, WITH A TOTAL OF ABOUT 1.39 MTOE (EIGHT
PERCENT OF TOTAL REQUIREMENT) IN 1990. HYDRO OUTPUT
WILL NOT VARY VERY MUCH FROM THE EXISTING LEVEL OF .20
MTOE IN THE PERIOD TO 1990. LIKEWISE INDIGENOUS COAL
HAS VERY LIMITED POTENTIAL. ANTHRACITE DEPOSITS ARE

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USEEC ALSO FOR EMBASSY

BASICALLY UNSUITABLE FOR ELECTRICITY GENERATION GIVEN
PRESENT TECHNOLOGY. EXPERIMENTATION WITH THF MODEST
SEMI-BITUMINOUS DEPOSITS INDICATES SOME SMALL-SCALE
PROMISE. THE KINSALE NATURAL GAS DEPOSIT IS A HAPPY

EXCEPTION TO THIS BLEAK SCENE, WITH A CAPACITY OF ABOUT 1.1 MTOE A YEAR FOR THE NEXT 20 YEARS. IRISH OFFICIALS, HOWEVER, HAVE HAD SECOND THOUGHTS ABOUT USING THE GAS FOR ELECTRICITY GENERATION AND WILL, IF POSSIBLE, DIVERT IT TO MORE ECONOMICALLY EFFICIENT ALTERNATIVES. A LARGE QUESTION MARK CONTINUES TO HOVER OVER THE OFFSHORE HYDROCARBON POTENTIAL OF IRELAND. UP TO THE END OF 1977 LIMITED OFFICIAL USE

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35 WELLS HAD BEEN DRILLED OFFSHORE, AND AT LEAST 16 MORE WILL BE COMPLETED THIS YEAR (REF B). ENERGY PROSPECTS WOULD, OF COURSE, BE RADICALLY CHANGED IF SUBSTANTIAL AND RAPIDLY EXPLOITABLE OIL DEPOSITS ARE LOCATED. SINCE 1974 RECONNAISSANCE SURVEYS FOR URANIUM HAVE BEEN UNDERTAKEN BY A NUMBER OF COMPANIES, AND THE EEC HAS APPROVED FINANCIAL SUPPORT FOR URANIUM EXPLORATION IN IRELAND. AS WITH THE OIL SEARCH, THERE MAY BE POTENTIAL BUT IT HAS YET TO BE REALIZED. WITH RESPECT TO RENEWABLE RESOURCES SUCH AS SOLAR ENERGY, TIDAL, WAVE AND WINDPOWER, ET AL, THE GOI PROFFESSES INTEREST BUT IS CONFINED TO A FOLLOWER'S ROLE. RENEWABLES WILL HARDLY PLAY A MAJOR ROLE IN IRELAND DURING THE NEXT DECADE. THE GOVERNMENT IS ALSO COMMITTED TO PROGRESS IN ENERGY CONSERVATION, BUT EVEN AN ANNUAL SAVINGS TARGET OF 1.5 MTOE BY 1990 CONSTITUTES A RELATIVELY MINOR CONTRIBUTION TO THE RESOLUTION OF IRELAND'S ENERGY PROBLEM.

5. INTERCONNECTION WITH THE UK - SINCE 1970 THERE HAS BEEN AN INTER-CONNECTION (CAPACITY IS 300 MW) BETWEEN THE ESB AND THE NORTHERN IRELAND ELECTRICITY SERVICE, BUT THIS RESERVE LINK HAS BEEN OUT OF SERVICE DUE TO "MALICIOUS DAMAGE" ABOUT 60 PERCENT OF THE TIME SINCE ITS COMMISSION. A POSSIBLE INTER-CONNECTION WITH THE MAIN BRITISH GENERATING UTILITY VIA AN IRISH SEA UNDERGROUND CABLE, WHICH WOULD TIE IRELAND INTO THE CONTINENTAL GRID OF THEIR EEC PARTNERS, IS CONSIDERED IN THE REPORT. IT IS CLEAR THAT THE GOI WILL NOT ENTRUST THE PROVISION OF A SUBSTANTIAL PART OF FUTURE ELECTRICITY NEEDS TO NON-IRISH UTILITIES.

6. COAL - IN 1977 IRISH COAL CONSUMPTION AMOUNTED TO ABOUT 850,000 TONS -- OVER .5 MTOE, ALMOST ALL OF IT LIMITED OFFICIAL USE

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IMPORTED. POLAND IS THE PRINCIPAL SUPPLIER. THE GOVERNMENT HAS APPROVED A MAJOR COAL-FIRED PLANT FOR THE

SHANNON-SIDE. TENDERS HAVE GONE OUT ON TWO INITIAL UNITS OF 300 MW EACH, AND TWO OTHER SIMILAR UNITS ARE PROPOSED (SEE REF C). BUT A STRONG DESIRE FOR DIVERSITY AND THUS SECURITY OF SUPPLY, PLUS CONCERN OVER STORAGE AND ENVIRONMENTAL PROBLEMS ARE CITED AS MAJOR REASONS FOR NOT PLACING A GREATER EMPHASIS ON COAL.

7. THE NUCLEAR OPTION - IN SHORT THE DOCUMENT FINDS A LACK OF OTHER DEPENDABLE ALTERNATIVES AND POINTS TO NUCLEAR POWER AS THE ONLY REALISTIC WAY TO ENSURE A DIVERSIFIED AND HENCE REASONABLY SECURE SUPPLY OF ENERGY TO MEET IRELAND'S NEEDS DURING WHAT IS ASSUMED WILL BE A STRONG GROWTH PERIOD. THE GOI COMMITS ITSELF TO A FULL RE-ASSESSMENT IN TWO YEARS TIME IF IT SHOULD GIVE THE ESB APPROVAL IN PRINCIPLE FOR THE PLANT. THE TARGET DATE TO COMMISSION A 650 MW UNIT WOULD BE 1987-88. AN ESB SOURCE INFORMS US THAT TENDERS ON THE PLANT MAY GO OUT AS EARLY AS MARCH 1979, WITH CONTRACTOR SELECTION IN EARLY OR MID-1980. THE CONTRACT WOULD CONTAIN AN ESCAPE CLAUSE PERMITTING CANCELLATION BY MID-1981 (WHICH WOULD INVOLVE A PENALTY PAYMENT) THUS ALLOWING A GOVERNMENT RE-APPRAISAL WHICH WOULD TAKE INTO ACCOUNT MACRO-ECONOMIC PROSPECTS, THE RESULTS OF HYDROCARBON EXPLORATION AND OTHER FACTORS. THE REPORT STATES THAT IT IS LIKELY THAT THE CHOICE OF REACTOR WOULD BE "NARROWED DOWN TO A LIGHT-WATER REACTOR OF EITHER THE PRESSURISED OR BOILING WATER TYPE OR A HEAVY WATER REACTOR". THE SITE PREFERRED BY THE ESB IS AT CARNSORE, CO. WEXFORD AND SUFFICIENT LAND HAS ALREADY BEEN ACQUIRED THERE TO INSTALL FOUR 650 MW UNITS.

8. ENERGY PROFILE FOR 1990 - THE PROJECTION FOR ENERGY DEMAND IN THE STUDY'S "EXPECTED GROWTH CASE" CALLS FOR 18 MTOE IN 1990. SAVINGS THROUGH CONSERVATION BRINGS LIMITED OFFICIAL USE

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THE FIGURE DOWN TO 16.5 MTOE. INDIGENOUS SOURCES
WOULD PROVIDE 2.14 MTOE (13 PERCENT OF TOTAL ENERGY NEEDS
AND 27 PERCENT IN THE ELECTRICITY SECTOR); NUCLEAR
WOULD SUPPLY .8 MTOE (FIVE PERCENT OF TOTAL AND 15
PERCENT IN ELECTRICITY SECTOR); AND COAL 2.6 MTOE (16
PERCENT OF TOTAL AND 25 PERCENT FOR ELECTRICITY ASSUMING
THE INSTALLATION OF ALL FOUR 300 MW UNITS ON THE
SHANNONSIDE). OIL WOULD STILL MEET 33 PERCENT OF DEMAND
IN THE ELECTRICITY SECTOR (1.8 MTOE) AND 83 PERCENT
(9.16 MTOE) IN THE NON-ELECTRICITY SECTOR. THUS EVEN
WITH AN EMPHASIS ON NUCLEAR POWER AND COAL, DEPENDENCY
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ON OIL FOR TOTAL ENERGY REQUIREMENTS WOULD STILL STAND
AT 66 PERCENT IN 1990. A LOW GROWTH CASE IS ALSO
PRESENTED, WITH A TOTAL REQUIREMENT OF 13.8 MTOE. THE
STUDY ARGUES STRONGLY FOR A NUCLEAR PLANT EVEN IN THIS
CASE. THE MAJOR CHANGE IN THE ELECTRICITY SECTOR WOULD
BE THE CONSTRUCTION OF TWO, RATHER THAN FOUR, COAL UNITS
IN THE SHANNON PROJECT.

9. WHAT NEXT? - ON THE BASIS OF OUR DISCUSSIONS WITH
DEPARTMENT OF INDUSTRY, COMMERCE AND ENERGY AND ESB
CONTACTS IT APPEARS PROBABLE THAT A FORMAL COMMITMENT
IN PRINCIPLE TO THE NUCLEAR PLANT WILL BE FORTHCOMING
BEFORE THE END OF 1978. REACTION TO THE REPORT HAS BEEN

MUTED THUS FAR, PERHAPS DUE TO THE AUGUST VACATION PERIOD. IT IS DIFFICULT TO ESTIMATE THE DEPTH AND BREADTH OF OPPOSITION TO THE NUCLEAR PLANT. OPPONENTS HAVE STEPPED UP THEIR CAMPAIGN IN RECENT MONTHS AND WILL ATTEMPT TO STAGE A MASSIVE PUBLIC DEMONSTRATION IN WEXFORD THIS MONTH. THEY DO NOT, THUS FAR, SEEM TO HAVE GENERATED WIDESPREAD SUPPORT OR EVEN INTEREST IN THEIR CAUSE AMONG THE PUBLIC AT LARGE. THE GOVERNMENT'S ESTABLISHMENT OF A TWO YEAR REVIEW PERIOD BEFORE ANY DEFINITE COMMITMENT TO THE PROJECT WAS UNDOUBTEDLY TAKEN IN PART BY A DESIRE TO TAKE THE WIND OUT OF THE SAILS OF THOSE CALLING FOR FURTHER STUDY BEFORE ANY ACTION , BUT ALSO MUST BE SEEN IN THE CONTEXT OF THE ONGOING OFFSHORE EXPLORATION.

10. EMBASSY IS POUCHING COPIES OF THE REPORT TO STATE AND COMMERCE. SHANNON

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